

Directed Funding Tips

State Capital Infrastructure Funds (SCIF), NC Airport Improvement Program (NCAIP) Funds, General Aviation Legislative (GAL) Directed Funds, Transportation Reserve Directed Funds (TRDF)

All Directed Funding Programs

Applicable Laws & Guidance

- All federal, state, and local laws apply to the SCIF, NCAIP, GAL and TRDF allocations.
- STATE FUNDS = STATE GUIDELINES. ([Buy American](#), [Maximum Allowable Non-Salary Direct Costs](#), [Prequalified Contractors](#), audited overhead rates, etc.) If you have specific questions, refer to the NCDOA Connect website or contact your assigned APM.
- As a federally obligated airport, sponsors are required to follow FAA Policies, Standards and Specifications applicable to the project(s). Otherwise, future maintenance may not be eligible for federal funding.

Scope & Overall Funding

- Encumbrance is defined as a financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement. [GS 143C1-1\(d\)\(12\)](#)
- Directed funds cannot be co-mingled with any other funds for accounting purposes. They must be tracked and reported separately from all other funds, including interest earned. If your accounting software is not set up to separate grant funds, deposit directed funds into a new bank account. If your organization has more than one directed funding grant from any source (SCIF, NCAIP, GAL, TRDF), deposit funds from each in their own accounts. (As of July 2022, for NCAIP and GAL funds [House Bill 103](#))
- The Division of Aviation is **not** approving scope, fees, or rates. However, all directed fund types are only eligible to be used on items at the state approved rates (ex., [Maximum Allowable Non-Salary Direct Costs](#), audited overhead rates, etc). Should grantees choose to pay more than the approved rates, their documentation must delineate between eligible expenses and ineligible expenses for a different funding source. NCDOA may complete a cursory review of documents if requested.
- Independent Fee Estimates (IFE) are required per [NCDOT policy](#). Sponsors can request DoA perform the IFE or sponsors can complete them. The IFE must be retained for auditing purposes.
- If project utilizes directed funds and federal funds for construction, acceptable delivery methods must align with Federal guidance ([FAA AC 150/5100-14E](#) or current).
- Interest accrued from all directed grant funds must be expended on an approved project listed on the approved [AV-109](#). Accounting must be set up to prove interest accrued was expended on approved projects. ([House Bill 103](#)).
- Administration fees from banks are eligible expenses.
- Directed grant funds may be used to pay for Builder's Risk Insurance ONLY if it is directly related to the project.
- Every construction project is required to go through FAA Section 163 (even if project is state funded) to determine if NEPA or SEPA applies. Coordination with FAA may take additional time.
- State grants can be used to reimburse for project expenses that were paid on or after the fiscal year in which funds were appropriated.
- If design studies are related to/in preparation for the approved project, the study is an allowable expense. OSBM classifies these as contracted services/administrative activities and specifies the following: "...all [contracted] fund uses must be directly related to the project, and more detail, either in the budget text box or using attachments, would show how those uses connect to the project. These funds are not meant to support administrative activities already being done but could support new administrative tasks as required by the project."
- Directed funding grant projects greater than \$500,000 from OSBM require Yellow Book audits annually for each fiscal year the project is open. Expenses of a Yellow Book audit are eligible expenses. Audit results are due to NCDOA 9 months after the grantees fiscal year end per [09 NCAC 03m .0205](#).
- If grantees are unable to provide Quarterly Progress and Expense reports in a timely manner for the life of the project, the grantee's risk will be elevated with the Division of Aviation and may be selected for monitoring.
- Funds will be dispersed to the account established with NCDOT. There is no need to setup another account with NCDOT. Sponsor will be responsible to transfer the funds to a separate account, if needed, to monitor interest.

Federal Forms Required

- [FAA Form 7460](#) (Notice of Proposed Construction or Alteration) is a required action that must be completed **before** construction can begin on airfield projects. Failure to submit FAA Form 7460 could result in loss of federal and state funding.

AV-107 Quarterly Progress and Expense Reports

- Directed Funding Quarterly Progress and Expense Report (AV-107 Directed Funding Tile in EBS) are due January 10, April 10, July 10, October 10 for the life of the project(s).
- Reporting will be cumulative per project from previous quarters (i.e., continue to add on to the AV-107 so at project end, there is one comprehensive list of all expenditures).
- The AV-107 Expense table in EBS should be cumulative for the life of the project and include appropriate [A-Code designations](#) so that the Division of Aviation will be able to report categories of expenses to Office of State Budget and Management ([OSBM](#)) and the N.C. General Assembly.
- Sales tax is not an eligible expense. It must be shown as removed on the AV-107.

AV-508 and AV-509/510 Forms

- All directed funding requires a MBE/WBE goal unless combined with federal funds, which will require a DBE goal. [AV-508](#) and [AV-509/510](#) forms will be uploaded with the first quarterly report upon availability. Airports may request goal setting from their assigned APM.

Additional Requirements and Notes

- While the NCDOT Division of Aviation does not require that invoices, pay applications, etc. be submitted to the Division, grantees have been notified that state auditors will be auditing these grant funds. Grantees are responsible for maintaining records for audits for five years after completion of project(s).

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- Photos of construction projects and land and equipment purchases, while not required for equipment, or construction, are very helpful for reporting progress to the N.C. General Assembly and other stakeholders.
- Per the [AV-100](#) Land Checklist, NCDOT Right-of-Way concurrence of contract price must be documented.
- Recipients that received allocations greater than \$500,000 require Yellow Book audits annually for each fiscal year the project is open. Expenses of a Yellow Book audit are eligible expenses. Audit results should be kept on file in case of additional audits or monitoring visits.
- Additional Land Acquisition Guidance can be found on the [Connect](#) site.

Allocation Closeout when Project Not Complete

- If the directed funding allocation was fully expended, but the project is not complete, the following information will be required in lieu of closeout documents to be submitted via Non-Amount Change Request in EBS:
 - a. AV-106 Directed Funding Encumbrance Report
 - b. AV-107 Directed Funding Quarterly Progress and Expense Report.
 - c. [AV-509/AV-510](#): DBE/MBE/WBE/HUB Vendor Forms (signed by Sponsor and Contractor) with most recent minority participation information that has been completed.
 - d. [Allocation Closeout Letter](#) on Sponsor letterhead noting:
 - i. percent of contract completed at end of SFY.
 - ii. expenses listed with state sales tax and other funding contributions are removed from the amount being expensed against this grant.
 - iii. all required environmental documentation for construction was completed and approved.
 - e. Current Progress photos of project(s) to show status.

State Capital Infrastructure Fund (SCIF)

- You will not lose SCIF directed grant funds per [GS 143C-4-3.1\(g\)](#). The funds do not revert until the projects on the AV-109 are completed or the funding is spent, per [SL 2021-180](#). The grant contract can be extended as needed until all projects are completed.
- State Capital Infrastructure Fund (SCIF) directed grants cannot be used for general operating expenses or debt service. Such funds may be used for the purposes set forth in [GS 143C-4-3.1\(e\)](#).
- Funds may be used for capital projects. Capital improvement projects include real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over \$100,000 in value. [GS 143C-1-1\(d\)\(5\)](#)
- FY22 SCIF grant funds cannot be used to purchase equipment as equipment is not a capital improvement. Per [GS 143C-1-1\(d\)\(5\)](#) Capital Improvement is a “term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred thousand dollars (\$100,000) in value.”
- Per [2 CFR § 200.1](#) Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.
- For FY22 SCIF allotments, SCIF expenses incurred on or after July 1, 2021 (the effective date of the budget) are eligible.
- For FY23 SCIF allotments, SCIF expenses incurred on or after July 1, 2022 (the effective date of the budget) are eligible.
- For FY23 SCIF allotments, equipment meeting the definition of real property, being defined as capitalizable non-movable machinery and equipment exceeding \$5,000 in value with a useful life of greater than two years, is considered allowable for fund usage. Movable equipment or noncapitalizable equipment does not meet the definition of real property acquisitions per the State Budget Act, and therefore is NOT allowable.

NC Airport Improvement Program (NCAIP)

- NC Airport Improvement Program (NCAIP) directed funds must be encumbered or spent by September 30 of the year following the FY of award. Any funds not encumbered revert back until redistributed by the General Assembly per [GS 63-74\(d\)](#). The N.C. General Assembly requires an annual report on spending status.
- NCAIP expenses are eligible for both debt service and airport improvements per [Session Law \(SL\) 2017-57](#). No date mandated for the use of these funds.
- For NCAIP Directed Funding, reporting interest earned and interest expended will begin with the FY23 allocation and continue with the FY24 allocation.

General Assembly Legislative (GAL) Funding

- General Aviation Legislative (GAL) directed funds revert on June 30, 2024, if not spent or encumbered by that date (per [House Bill 103 Section 41.4](#)). Any extension requires N.C. General Assembly approval.
- GAL expenses incurred on or after (the date of budget issuance which is October 18, 2019) are eligible. [Session Law \(SL\) 2019-231](#)
- Equipment is not an eligible expense for GAL funds.

Transportation Reserve Directed Funds (TRDF)

- TRDF expenses incurred on or after July 1, 2023 are eligible. [Session Law \(SL\) 2023-134](#)
- Allocations listed in the [Joint Conference Committee Report](#) on the Current Operations Appropriations Act of 2023 for House Bill 259.
- TRDF directed grants cannot be used for general operating expenses or debt service. Such funds may be used for the purposes set forth in [GS 143C-4-3.1\(e\)](#).
- Funds may be used for capital projects. Capital improvement projects include real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations. [GS 143C-1-1\(d\)\(5\)](#)
- TRDF grant funds can be used to purchase fixed, non-movable, capitalizable equipment.
- TRDF grant funds can be used to purchase land.